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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Aftermath of Obama-Netanyahu Meeting

Key stories in the media:

All media (banner in HaQaretz) quoted PM Benjamin Netanyahu as saying yesterday at a Jerusalem Day celebration that Jerusalem Qwill never be again be partitioned or divided.Q Netanyahu continued QThe new U.S. administration informs us with intolerable ease that we will have to give up Jerusalem, with all due respect, the U.S.

president sees the American interest and does not know that Jerusalem is not a territorial issue, but a much deeper one. Netanyahu said that he emphasized these points to Obama during their meeting earlier this week.

In its lead story, Yediot reported that in internal government discussions Netanyahu pledged to Obama not to build new settlements.

However, contrary to the position of the U.S. administration, construction in existing settlements and settlement blocs in the West Bank will continue. The media reported that immediately following yesterday's destruction, settlers began rebuilding structures in the unauthorized outpost of Maoz Esther. Media quoted Defense Minister Barak as saying that the evacuation was not related to U.S. pressure. The Jerusalem Post reported that defense officials told the daily yesterday that DM Ehud Barak has ordered the IDF to complete a contingency plan for the forced evacuation of illegal West Bank outposts. The officials were quoted as saying that Barak intends to begin removing the outposts in the coming weeks but that he has instructed his settlement adviser Eitan Broshi to first try to reach an agreement with the settlers under which they will leave of their own accord. The Jerusalem Post also reported that the Civil Administration in the West Bank informed the High Court of Justice yesterday that it issued stop-work orders against the construction of 11 homes being built in the Neveh Tzuf Halamish settlement. The move follows a petition filed by Peace Now earlier this month.

The Jerusalem Post reported that U.S. officials and Middle East diplomats are tamping down expectations that President Obama will unveil a new Israeli-Palestinian peace plan during his June trip to Cairo. Instead, they are painting the visit as one aimed at outreach to the wider Muslim world, with any new Middle East initiative coming later in the summer at Obama finishes consultations with regional leaders and other key players.

The Jerusalem Post cited assessments received this week in Jerusalem that President Obama's engagement policy with Iran has led to a new spirit in Europe and a growing consensus for stringent sanctions against Tehran if Obama's policy does not yield results. The media also reported that Adm. Michael Mullen, Chairman of the Joint Chiefs of Staff, warned yesterday that it would be calamitous for Iran to attain nuclear weapons, and that world power had to prevent this.

Electronic media reported that IDF troops killed two Palestinian terrorists who tried to cross the Gaza-Israel border near the Kerem Shalom Crossing.

The Jerusalem Post bannered: New York Muslim Terrorists Plotted Jihad against Jews. Maariv notes that many African-American inmates convert to Islam during their detention. Israel Radio reported that Brazilian police thwarted an attempt by two neo-Nazi groups to blow up synagogues in the southern city of Porto Alegre.

Major media reported that yesterday the Israel Air Force conducted a major drill simulating a war between Israel and Arab states -- perhaps also against Iran -- and terrorist groups.

Citing the AP, The Jerusalem Post reported that Lebanon has complained to the UN about alleged spying by Israel. Haaretz and The Jerusalem Post speculated that recent arrests of Israeli spies in Lebanon may have exposed Mossad and IDF Intelligence gathering methods. The media generally believe that the assumed affair will aid Hizbullah in the upcoming Lebanese elections.

Leading media reported that, on the anniversary of the unification of Jerusalem, Knesset members from five factions representing both the coalition and the opposition submitted a bill yesterday that would require a supermajority vote in the Knesset -- 80 MKs -- to enact any change to Jerusalem's borders. The Jerusalem Post quoted Yakir Segev, the Jerusalem Municipal official put in charge of the city's Arabs, as saying that treating them fairly will strengthen Israel's claim to the entire city, and that he is seeking ways to legalize thousands of unlicensed Arab homes vulnerable to demolition.

The Jerusalem Post reported that Vice PM Moshe Yaalon will present diplomatic proposals at a conference on Alternatives to the Two-State Outlook that will take place on Tuesday. The meeting is organized by Likud MK Tzipi Hotovely.

HaQaretz reported that Mossad Director Meir Dagan is displeased with the Defense Ministry decision to shut down the unit dealing with Iran and headed by Uri Lubrani, a former ambassador to Iran. Dagan's anger stems from the decision being made at a time when there is growing belief that Iran is moving closer to the development of nuclear weapons. Another aspect irking Dagan is that Defense Ministry officials tried to insinuate that the request to close down the unit originated with Mossad.

HaQaretz reported that disagreements between DM Barak and IDF Chief of Staff Lt. Gen. Gabi Ashkenazi are delaying a decision on senior IDF appointments. The two still disagree over which officers will be appointed chief of staff and IDF Intelligence head.

Yediot reported that Kadima chairwoman Tzipi Livni recently called Kadima Knesset Member Yoel Hasson to inform him of her reservations about the possibility that he may be appointed to the PMQs team on the Gilad Shalit issue, perhaps to replace Ofer Dekel. However, she clarified to him that she would eventually not oppose his nomination. Hasson is a former deputy Shin Bet head.

HaQaretz reported that yesterday the northern branch of Israel's Islamic Movement blasted a proposal for the Palestinian Authority to relinquish sovereignty over the Temple Mount in exchange for international Islamic control of the site. "The proposal to transfer sovereignty to a third state stems from the attempt to internationalize the Al Aqsa Mosque, and actually this is a proposal whose significance is the continuation of the occupation; therefore, such a proposal must be aggressively rejected," the Israeli-Arab group said in a statement.

The media reported on the rapid drop of the U.S. dollar against the shekel -Q 3.985 shekels to the dollar yesterday.

HaQaretz cited the results of a poll conducted on behalf of the Center for Iranian Studies at Tel Aviv University: Some 23 percent of Israelis would consider leaving the country if Iran obtains a nuclear weapon. Some 85 percent of respondents said they feared the Islamic Republic would obtain an atomic bomb, 57 percent believed the new U.S. initiative to engage in dialogue with Tehran would fail, and 41 percent believed Israel should strike Iran's nuclear installations without waiting to see whether or how the talks develop. HaQaretz quoted Prof. David Menashri, the head of the Center, as saying: "The findings are worrying because they reflect an exaggerated and unnecessary fear. Iran's leadership is religiously extremist but calculated and it understands that an unconventional attack on Israel is an act of madness that will destroy Iran. Sadly, the survey shows the Iranian threat works well even without a bomb and thousands of Israelis [already] live in fear and contemplate leaving the country."

Aftermath of Obama-Netanyahu Meeting:

Block Quotes:

I. "When Obama Says No"

Senior columnist Nahum Barnea and diplomatic correspondent Shimon Shiffer wrote in the mass-circulation, pluralist Yediot Aharonot (5/22): Q[President] Obama and [Secretary] Clinton have been careful, since their term began, to be interviewed on Arab media outlets. Obama promised that he would begin his term by speaking in a Muslim capital. He kept his promise, twice: he spoke in Istanbul at the beginning of his term, and on June 4, he will make a very important speech in Cairo. Both times he passed on going to Israel.

This does not show hostility toward Israel but rather that the White House, at the moment, is taking Israel -- and Jewish voters in America -- for granted.... According to the Arab peace plan, which was passed by the Arab summit in Beirut in 2003, the Arab world will have normalization with Israel after Israel reaches a permanent status arrangement with the Palestinians. Obama is trying to persuade the Arab rulers to move this up and to make normalization steps in tandem with the negotiations that resume with the Palestinians. He believes he can achieve this, both because of his

persuasion skills and his willingness to enlist in solving the conflict, as well as because of the Arab fear of Iran. King Abdullah of Jordan, who was in Washington before Netanyahu, told him that it was possible.

II. "Netanayhu Has a Plan: Foot-Dragging"

Diplomatic correspondent Ben Caspit wrote on page one of the

popular, pluralist Maariv (5/22): QIf Obama demands a Qyes-or-no answer [to his plan] -Q like James Baker in his time, who demanded that Yitzhak Shamir come to Madrid -Q Benjamin Netanyahu will find himself in an impasse. QYesQ would mean the fall of his government. QNoQ would mean a dramatic change in IsraelQs status in the United States. It would no longer be an only son, not even a favorite one. Netanyahu would have to ask himself what is more important to IsraelQs security: the settlements or relations with the U.S. Netanyahu knows the answer. The question is whether he has the inner power to cope with it.

III. "Israel Is Yet Another File"

Correspondent Shmuel Rosner wrote in the popular, pluralist Maariv (5/22): QIsraelis will attentively listen to [President ObamaQs Cairo speech] and carefully pore over its contents, but it is already difficult to assume that the speech will please Israeli ears, since Israel isnQt its target audience. Obama is trying to make the address an instrument of conciliation with the Arab and Muslim world -- a lofty objective to whose achievement Israel is but a small obstacle and a hindrance.

IV. "Curtain Raiser"

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (5/22): QThe American summation, as described by columnist David Ignatius in The Washington Post, was that Obama was Qupping the anteQ on Netanyahu. The Prime Minister had wanted progress with the Palestinians to be conditional on progress with Iran; he was forced to accept progress on both tracks and give a chance to Obama's planned dialogue with the Iranians.... Obama's stance is realistic: He repeated the word QinterestsQ 13 times. America's interests, Israel's interests, regional interests, even Iran's. He did not mention the Qoccupation,Q QPalestinian rights,Q or advancing democracy and freedom in the Middle East. From his perspective, the two-state solution speaks to U.S. interests, and Israel is being asked to accept this, just as Israel expects American support for its security interests.... Netanyahu's visit to Washington should be seen as the first act: He wanted to understand the extent to which Obama seeks to advance peace and deal with Iran, and Obama wanted to understand how far Netanyahu can go on both tracks, and how far he wants to. The answers will become clear in the following acts. In the meantime, Obama will try to extend a hand to the Iranians, and Netanyahu will be weighing what to do about the Yesha Council of Jewish Settlements in the Territories.

IV. QThe Week that Was

The conservative, independent Jerusalem Post editorialized (5/22): QIt is unlikely in the extreme that the PLO will accept Obama's blueprint, despite the moderate-sounding tone lately adopted by Nabil Abu Rudeineh, Mahmoud Abbas's spokesman. Fatah is horribly fragmented: The old guard doesn't want to loosen its grip on power. Its pragmatists and hard-liners are arguing over how to negotiate with Israel. And the younger generation wants to officially reverse Fatah's commitment to end terror if Israel doesn't capitulate to its demands. Meanwhile Hamas, ever more popular, bides its time, waiting for the West to reconstruct Gaza for it. Rather than get into a huff over Obama's demands, which are basically in harmony with the policies of his predecessors, Israel needs to ensure that it does not allow itself to be depicted as the obstacle to peace. The good news is that Netanyahu is making a beginning at stressing what we are for -- letting the Palestinians rule themselves. And by trying to get the Palestinians to acknowledge Israel's legitimacy as a Jewish state, he is correctly addressing the root cause of the conflict.

VI. QObama: An Innocent Abroad

Jonathan Spyer, a senior researcher at the Interdisciplinary Center, wrote in The Jerusalem Post (5/22): QThere were those in Israel who suspected Obama of being a kind of wolf in sheep's clothing, preparing with a friendly smile to offer up Israel as a sacrifice to its regional enemies. The picture emerging from the alleged details of his plan suggest a different, though not necessarily more comforting characterization: When it comes to the Middle East, Obama is an innocent abroad.... The Obama plan, it would appear, simply fails to take into account the fact of Hamas-run Gaza's existence. Yet the decision this week by West Bank PA Chairman Mahmoud Abbas to form a narrow government is testimony to the Hamas-led statelet's durability. There is no Palestinian force able, or other force willing, to destroy it. It has made clear that it does not intend to negotiate itself out of existence. For as long as it is there, armed by Iran and opposed to all moves toward reconciliation, all plans based on authoritative peace negotiations between Israel and the PA are divorced from reality. It seems more likely, however, that the President remains enthralled by the sunny illusions of the peace process of the 1990s, and is about to give them another run around the block. He has four years to follow the well-trodden path from innocence to experience. The problem is that further afield, there are other, more urgent clocks ticking.

VII. QDaytonQs End Date

Military correspondent Alex Fishman assessed in Yediot Aharonot the policy implications of continued Israeli support for U.S. General DaytonQs efforts to build Palestinian security forces: QAs long as Israel was officially speaking in terms of a two-state solution -- there was also a political rationale for cooperation with Dayton. But today, when Israel no longer officially speaks of a Palestinian state, it is no longer clear what kind of interest it has to continue to cooperate with the establishment of Palestinian battalions which will eventually be united into three or four brigades. Israel can no longer continue to exist in a state of multiple personalities. Either it flows with the American policy that leads to a Palestinian state, or it ceases cooperation with Dayton. You canQt have it both ways. This is the perfect example of lack of any planning on the part of the Prime Minister or those surrounding him. If you donQt want to go with the American flow, and their regional policy is unsuited for you, why wait for the battalions to form into an army which will eventually turn its weapons against you?

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